

§ 30.24

laws. (Only the Department of Justice has authority to compromise or terminate collection of these claims.)

§30.24 Inability to collect the full amount.

(a) The Secretary may compromise a debt if the full amount cannot be collected because the debtor—

(1) Is unable to pay the full amount within a reasonable time; or

(2) Refuses to pay the full amount and the Government is unable to enforce full collection within a reasonable time.

(b) *Ability to pay.* In determining a debtor's ability to pay, the Secretary may consider the age and health of the individual debtor; present and future income and assets; and the possibility of an improper transfer or concealment of assets by the debtor.

(c) *Amount of compromise.* The amount of compromise will reasonably relate to the amount recoverable by enforced action, considering such factors as State or Federal exemptions available to the debtor, and the price that collateral will bring at a forced sale.

(d) *Installments.* Compromises will be paid in one lump sum whenever possible. Payment by installments may be accepted on a case-by-case basis bearing in mind the conditions specified in §30.20.

(e) *Credit information.* If reasonably up-to-date credit information to evaluate a compromise proposal is not available, the Secretary may obtain credit reports from credit reporting agencies or a statement from the debtor executed under penalty of perjury showing the debtor's assets and liabilities, income and expenses.

§30.25 Litigative probabilities.

The Secretary may compromise a debt if the Government's ability to prove its case in court for the full amount claimed is doubtful either because of the legal issues involved or a bona fide dispute as to the facts. The amount accepted in compromise in such cases should fairly reflect the probability of prevailing on the issues and the prospects for full or partial recovery of a judgment, paying due regard to the availability of evidence and

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witnesses, and related pragmatic considerations.

§30.26 Cost of collecting claim.

The Secretary may compromise a debt if the cost or deterrence value of collection do not justify the enforced collection of the full amount. The amount accepted in compromise in such cases may reflect an appropriate discount for the administrative and litigative costs of collection, taking into account the time which it will take to effect collection. Costs of collection may be a substantial factor in the settlement of small debts, but not normally in the settlement of large debts.

§30.27 Enforcement policy.

Statutory penalties, forfeitures, or debts established as an aid to enforcement and to compel compliance may be compromised if not prohibited by law and consistent with the agency's enforcement policy.

§30.28 Joint and several liability.

When two or more debtors are jointly and severally liable, a compromise with one debtor will not release the remaining debtors. The amount of a compromise with one debtor will not be considered a precedent or binding in determining the amount which will be required from other debtors jointly and severally liable on the debt.

§30.29 Further review of compromise offers.

A debtor's firm written offer of compromise for a substantial amount may be referred to the General Accounting Office or to the Department of Justice when the acceptability of the offer is in doubt. (See 30.36).

§30.30 Restriction.

The Secretary may not accept a percentage of a debtor's profits or stock in a debtor corporation in compromise of a debt.